Manitoba

ANNUAL REPORT

2003 - 2004

Manitoba Horse Racing Commission

David Miles (Chair)
Dushant Persaud (Vice-Chair)
Dr. Valerie Isman (Member)
Georgine Spooner (Member)

Executive Director: Larry Huber

MANITOBA HORSE RACING COMMISSION

PO BOX 46086 WESTDALE
WINNIPEG MB R3R 3S3

Telephone (204) 885-7770 Facsimile (204) 831-0942
E.Mail: *mhrc@manitobahorsecomm.org*
http://www.manitobahorsecomm.org

June 28th, 2004

The Honorable Rosann Wowchuk
Minister of Agriculture, Food and Rural Initiatives
Room 165
Legislative Building
Winnipeg, MB R3C 0V8

Dear Ms. Wowchuk:

Annual Report

The undersigned has the honour to present the Thirty-Eighth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2004.

Yours truly,

Manitoba Horse Racing Commission

David Miles
Chair
DM/wfd

David Miles (president)
Dushant Persaud (vice-président)
Dr Valerie Isman (membre)
Georgine Spooner (membre)

Directeur administratif : Larry Huber

COMMISSION HIPPIQUE DU MANITOBA

C. P. 46086 WESTDALE
WINNIPEG (MANITOBA) R3R 3S3

Tél. : (204) 885-7770
Téléc. : (204) 831 0942
Courriel : mhrc@manitobahorsecomm.org
Site Web : http://www.manitobahorsecomm.org

Le 28th juin, 2004

Madame Rosann Wowchuk
Ministre Agriculture et Alimentation
Palais législatif, bureau 165
Winnipeg (Manitoba) R2C 0V8

Objet : Rapport annuel

Madame,

J'ai l'honneur de vous présenter le trente-huitième rapport annuel de la Commission hippique du Manitoba pour l'exercice se terminant le 31 mars 2004.

Je vous prie d'agréer, Madame, l'expression de mes sentiments distingués.

Le président de la Commission hippique
du Manitoba,

David Miles

THIRTY-EIGHTH ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

For the year ending March 31, 2004

COMMISSIONERS - As of March 31st, 2004

David Miles	**Chair**	**Winnipeg**
Dushant Persaud	**Vice Chair**	**Winnipeg**
Dr. Val Isman	**Member**	**Gladstone**
Georgine Spooner	**Member**	**Winnipeg**

TABLE OF CONTENTS

	PAGE
GENERAL	1 & 2
THOROUGHBRED RACING	2
STANDARDBRED RACING	2 & 3
QUARTER HORSE RACING	3

	SCHEDULE
THOROUGHBRED & SIMULCAST	A
STANDARDBRED & QUARTER HORSE (RURAL)	B
LICENSES & REGISTRATIONS	C
RULINGS, FINES, SUSPENSIONS & CLAIMS	D

THIRTY-EIGHTH ANNUAL REPORT
THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve months ended March 31st, 2004.

Functions of the Manitoba Horse Racing Commission (MHRC)

The functions of the MHRC are set out in the Horse Racing Commission Act, the Horse Racing Regulation Act and the Pari-Mutuel Levy Act.

Under the Horse Racing Commission Act the MHRC is given the power and the responsibility to govern, direct, control, and regulate horse racing and the operation of all racetracks in Manitoba. However, the MHRC confines itself to regulating only those race tracks offering Pari-Mutuel racing. Pursuant to this responsibility the MHRC passes and enforces rules, licenses all industry participants and racetrack operators, and generally oversees all aspects of horse racing to ensure that it is carried on in a manner that is fair and safe for all participants and that the races are run fairly and honestly and are perceived as such by the public.

The rules are primarily enforced on a day-to-day basis by Stewards/Judges (Officials), employed by the MHRC. In carrying out their duties the Officials not only act as investigators and prosecutors, but also act as judge and jury, making decisions based on their own investigations. Appeals from all decisions of the Officials may be made as a matter of right to the Commission, which is bound to act impartially. There is no appeal as a matter of right to any Court or any entity beyond the Commission, so the hearing of appeals is one of the most important functions of the Commission.

Additionally, under the Horse Racing Commission Act, the MHRC is to perform such other duties and functions that may be imposed upon it by the Lieutenant Governor in Council. Traditionally, the Chair of MHRC has acted as a confidential policy advisor to the Member of the Executive Council charged by the Lieutenant Governor in Council with the administration of the Act.

Pursuant to the Pari-Mutuel Levy Act, a fixed percentage of each dollar wagered in Manitoba is collected by the track operator and remitted to the MHRC for distribution as authorized by the Act. The MHRC is charged with the responsibility of adopting a plan on an annual basis for distribution of the funds. The Minister of Finance must approve the plan, once adopted, before it can become effective. The current plan, and that adopted and approved for 2004/2005, provides that the Commission is to retain 1% for its own operation and is to distribute the balance to the racing industry.

It should be noted that unlike Commissions in some other provinces it is not part of the function of the MHRC to promote horse racing. The Manitoba Commission is a regulator. The only reference to promotion in either the Horse Racing Commission Act or the Pari-Mutuel Levy Act is Section 13 (1) of the Pari-Mutuel Levy Act which establishes the Pari-Mutuel Levy Fund for the " promotion" of horse racing.

Since the inception of the Levy Fund in 1996, the money collected after deduction of the money retained for Commission administration expenses (in recent years about $3,000,000 net annually) has been distributed only to the Thoroughbred Industry - Owners and Breeders. The

Standardbred and Quarter Horse Industry each received funding from the Province of Manitoba supplemented by funds from the Commission itself.

Results Achieved

To ensure safety for participants, the Commission carried out extensive and improved human drug and alcohol testing programs. These programs, for the protection of both humans and horses, are in effect during the entire race season, not only during live race days. Over the last couple of years there has been a marked improvement in the quality of race riding as a result of which there were no accidents arising from substandard riding during the year.

While the Commission continued its successful mandatory random drug testing and daily alcohol breathalyzer testing for all participants, emphasis has been shifted to education, prevention and rehabilitation. The Commission in cooperation with the Horsemen and the Track Operator continue to strive to offer a work environment safe from the threat of injury to humans or animals.

To ensure that races are run fairly and honestly, and are perceived as such by the public, the betting pools are constantly monitored for fraudulent patterns and investigations are held into any hints or allegations of questionable racing tactics. This Commission is pleased to report that over the last three years there has not been received, from the public or participants, any even remotely substantiated allegation of a tainted race.

Racing: April 2003 – March 31 2004

a) **Live and Simulcast Racing at Assiniboia Downs**

The total combined live and simulcast wagering for the year at Assiniboia Downs was $35,419,321. This is virtually the same as last season.

The live betting again showed improvement increasing from $6,262,000 in 2002 to $6,566,000 in 2003. The caliber and competitiveness of the racing has contributed to the wagering improvement.

The simulcast betting showed a slight decrease. It is the opinion of the Commission that this was probably due to the restrictions on exotic wagering imposed throughout Canada by the Canadian Pari-Mutuel Agency (Federal Government) as a result of the Breeders Cup betting scandal. Because of the scandal, which took place in the United States, the Canadian Pari-Mutuel Agency investigated betting patterns at Canadian Tracks and concluded that there had been no betting irregularities. Notwithstanding its finding, new rules were implemented in an attempt to ensure that betting irregularities in the United States do not carry over to Canadian Tracks.

The horse population remained at full capacity. The number of licenses issued decreased marginally but is within normal annual fluctuations and therefore not of concern.

b) **Standardbred Live Racing**

The Manitoba Great Western Harness Racing Circuit raced 21 days (22 were scheduled) with average daily wagering of $6,672 in 2003 compared to $5,462 the previous year.

The history of harness racing in rural Manitoba extends back to the 1930's. Harness racing continues to provide excellent entertainment and continues to enhance the cultural heritage of local communities. The problem facing rural racing have been well documented and hopefully will be addressed in the near future as part of the Government's formulation of racing policy.

c) Quarter Horse Racing

There were a total of 23-Quarter Horse races run at Assiniboia Downs along with 12 races run at Rossburn in rural Manitoba in 2003. This type of racing continues to increase in popularity in Winnipeg but its future in rural Manitoba is at risk - the Rossburn meet having been cancelled for 2004.

LE RAPPORT ANNUEL DE TRENTE HUIT
CHEVAL EMBALLANT LA COMMISSION

GÉNÉRALITÉS

Ce rapport se dirige aux douze mois finis le 31 mars, 2004.

Fonctions de la commission hippique du Manitoba (MHRC)

Les fonctions de la commission hippique sont décrites par la loi sur la commission hippique, la loi sur les courses de chevaux, et la loi sur les prélèvements sur les mises de pari mutuel.

Convenant au dirige sous la loi de la commission hippique, le MHRC a puissance et responsabilité de régir, commander, et de régler les courses hippique, ainsi que les opérations de piste de course hippique au Manitoba. Néanmoins, le MHRC contient à régler seulement les pistes offrant l'emballage de Pari mutuel. Conformément a cette responsabilité, le MHRC mets en vigueur et impose les règles et autorise tous les participants d'industrie et titulaires. En général, le MHRC surveille tout aspect de course hippique afin d'assurer la porte juste et coffre-fort de tous les participant et d'assurer que les courses sont et honnête tels que perçu par le publique.

Les règles sont principalement imposes par base de jour en jour par fonctionnaires mis en emploie par le MHRC. En effectuons leurs funiculites, les fonctionnaires agissent non seulement entant d'investigateurs et de procureurs, mais également entât que juge et jure prenant décisions basées sur leurs propre études. Les recours de décisions rendù par les fonctionnaires peuvent être saussurien comme question de droit a la commission, qui est liée d'agir avec impartialité. Il ne sa pas question de recours importe quelles autre cour ou entité aula de la commission. Donc, la fonction primaire de la commission est de faire entente aux appels de recours.

En plus, sous la Loi d'emballage de la Commission de cheval, le MHRC doit exécuter de tels autres devoirs et fonctions qui peuvent être imposées à lui par le lieutenant Governor au Conseil. Traditionnellement, la chaise de MHRC a agi en tant que conseiller confidentiel de politique au membre du Conseil exécutif chargé par le lieutenant Governor au Conseil de l'administration de l'acte.

Conformément a l'acte du prélèvement de pari, un pourcentage de chaque dollar pari aux Manitoba est encaisser par le titulaire et remis au MHRC pour distribution autorise par l'acte. A chaque année, le MHRC est chargée d'établir un projet pour la distribution des fonds. Ce projet doit être appuyé par le MHRC, et doit recueillir l'assentiment du ministre de finance avant qu'il soit mis en effet. La commission peut retenir 1% du projet courant, ainsi quel projet appuyer pour l'année 2004/2005 pour conduire leur affaire financière. La balance des remises doit être distribué à travers l'industrie de course hippique.

On doit noter la distinction entre le MHRC et les autres commissions. Ce n'est pas une fonction du MHRC de faire promotion des courses hippiques. Le rôle de la commission Manitobaine est celui de régulateur. La seule référence aux promotions dans sois la commission hippique ou les prélèvement sur mise de pari mutuel est section 13(1) de la loi pari mutuel qui établie les fond pour la promotion des courses hippique.

Depuis le début de prélèvement en 1996, la balance des remises, après les frais administrative de la commission (couramment $30,000. Net parangons) fut distribuer seulement aux propriétaire et sélectionneurs des pur sang. Tandis que l'industrie quart et standardbred ont reçu l'aide financière en part de la province du Manitoba et par fond de la commission même.

Résultats

Pour assurer la surette des participants, la commission mise en effet des programmes d'essai humain étendues et des améliorations effectue par la commission d'alcool et de drogue. L'objet de ces programmes assure la protection pour les humains ainsi que les cheveux. Ils on lieux et demeure en effet pendant la saison entière de course et non pas seulement pendant les jours de courses. Au cours des dernières années, il a eu lieu une grande amélioration a la qualité de l'equisetum mem que l'année dernière it y eu aucun accident résultant de l'équitation inférieure.

Pendant que la commission continue avec succès des essaies obligatoire de drogue et de souffle essai quotidien, l'emphase ce place maintenant a éduquer les participant sur l'empêchement et reaganien. En collaboratrice avec les cavalier et les titulaire, la commission continue la tache d'offrir un environnent de travail sure de menace ou dommage aux humain et animaux.

Pour s'assurer que les courses sont courues assez et honnêtement, et sont perçues en tant par le public, les pari sont constamment surveillées pour les modèles frauduleux et des investigations sont tenues dans tous les conseils ou allégations de la tactique d'emballage incertaine. Cette Commission est heureuse de rapporter qu'au cours des trois dernières années on n'a pas reçu, du public ni des participants, aucune allégation à distance justifiée égale d'une course corrompue.

Courses : Avril 2003 - Mars 31 2004

a) Vivent et Simulcast emballant aux bas d'Assiniboia Downs

Le somme totale des pari de phase et simucast pendant l'annexe aux d'assiniboia était $35, 419,321. Presque identique a la saison passe.

Les paris en place ont montre une amélioration augmentant de $6.262.000 en 2002 à $6.566.000 de 2003. Le calibre et la compétitivité de l'emballage ont contribué à l'amélioration

Le Simulcast pariant a montré une légère diminution. C'est l'opinion de la Commission que c'était probablement dû aux restrictions à pari exotique imposé dans l'ensemble du Canada par l'agence canadienne de pari (gouvernement fédéral) en raison de la tasse de sélectionneurs pariant le scandale. En raison du scandale, qui a eu lieu aux États-unis, l'agence canadienne de pari a étudié parier des modèles aux voies canadiennes et a conclu qu'il n'y avait eu aucune irrégularité de pari. Malgré sa conclusion, de nouvelles règles ont été mises en application afin d'essayer d'assurer cela pariant des irrégularités aux États-unis ne reportent pas aux voies canadiennes

La population de cheval est restée à la pleine capacité. Le nombre de permis publiés a diminué marginalement mais est concerné dans des fluctuations annuelles normales et donc pas

b) Emballage de phase de Standardbred

Les courses de harnais du Manitoba Great Western ont emballe le circuit pour 21 jours (22 ont été programmes) avec pari quotidien de moyenne de $6.672 dans 2003 comparés à $5.462 l'année précédente. L'histoire du harnais emballant dans Manitoba rural se prolonge de nouveau aux années 30 et a fourni l'excellent divertissement aux communautés locales. Le problème avec l'emballage rural a été bien documenté et si tout va bien sera adressé dans un proche avenir en tant qu'élément de la formulation du gouvernement de la politique d'emballage

c) Emballage Cheval Quart

Il eut un total de 23 courses de Quart Cheval aux bas d'Assiniboia avec 12 courses courues à Rossburn dans Manitoba en 2003. Ces courses continuent à augmenter dans la popularité à Winnipeg, mais sa future aux Manitoba rurale est douteuse.

SCHEDULE A

Assiniboia Downs

Live Racing Season

	2003	2002
Wagering on Live Racing	6,566,537	6,262,718
Simulcast Wagering	11,704,000	11,984,530
Total Handle	$ 18,270,541	$ 18,247,248
Number of Live Race Days	73	74
Number of Live Races	607	597
Number of Simulcast Days	148	148
Average Daily Wagering (Live)	89,689	84,631
Average Daily Wagering (Simulcast)	79,081	80,977
Purses Paid Out	5,244,903	5,273,700
Per Race Purse Average	8,627	8,834

Simulcast Racing Season

	2003/04	2002/03
Pari-Mutuel Wagering	$ 17,148,780	$ 17,386,629
Number of Race Days	216	215
Average Daily Wagering	79,393	80,868

Totals

	2003/04	2002/03
Pari-Mutuel Wagering	$ 35,419,321	$ 35,633,877
Number of Race Days	364	363
Average Daily Wagering	97,306	98,165

SCHEDULE B

Rural Racing

	Racing Days		Amount Wagered	
Standardbred	**2003**	**2002**	**2003**	**2002**
Dauphin	2	0	$ 14,481	0
Deloraine	2	1	9,909	5,833
Glenboro	2	2	12,083	8,351
Holland	1	2	9,318	11,802
Holland (Rain-out)		1	0	5,279
Killarney	4	4	29,511	25,960
Minnedosa	2	2	8,644	11,482
Portage	4	2	32,261	10,834
Wawanesa	2	2	13,741	9,400
Miami	2	2	10,175	9,385
Subtotal	21	18	$ 140,123	$ 98,326
Quarter Horse				
Rossburn	2	2	$ 3,486	$ 3,660
TOTALS:	23	20	$ 143,609	$ 101,986

Other Comparative Statistics

	2003	2002
Total Purses - Standardbred	$ 307,205	$ 221,532
Per Race Purse Average - Standardbred	$ 1,786	$ 1,528

Provincial Support Programs

	2003	2002
Race Meet Support - Standardbred	$258,065	$166,350
Breeders/Owners Incentives - Standardbred	84,932	55,500
Purses/Breeders/Owners Incentives – Quarter Horse	9,800	7,800
Unexpended Grant	5,400	28,100
TOTALS From Province of Manitoba	$358,197	$257,800

SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending March 31, 2004

Occupational Licenses	Thoroughbred		Standardbred	
	2003	2002	2003	2002
Owner/Trainer	114	119	4	4
Trainer	31	35	1	7
Assistant Trainer	11	13	0	0
Owner/Trainer/Driver	0	0	13	14
Owner/Driver	0	0	3	2
Jockey (1/4 & Amateur incl.)	27	24	0	0
Apprentice Jockey/Exercise Rider	69	67	0	0
Driver	0	0	4	0
Driver/Trainer	0	0	1	0
Jockey Agent	8	8	0	0
Officials	11	11	4	4
Backstretch	278	318	7	1
Occ 1 (Assoc., Kitchen, etc.)	169	169	0	0
Occ 2 (Press, etc.)	26	37	0	0
Occ 3 (Tradesmen, etc.)	31	41	0	0
Occ 5 (Veterinarians, etc.)	6	6	0	0
TOTAL LICENSES ISSUED:	781	848	37	32

Registrations & Non-Occupational	Thoroughbred		Standardbred	
	2003	2002	2003	2002
Owners	600	631	13	30
Sponsored Persons	128	117	10	0
Partnerships	214	221	3	0
Stable Names	126	133	0	0
Colours	14	19	0	0
Leases	0	3	0	0
Authorized Agents	172	181	0	0

	Quarter Horse	
	2003	2002
All Categories (excluding Assiniboia Downs dual licensees)	63	40

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

Thoroughbred	2003	2002
Rulings	148	129
Fines	$11,753	$ 9,050
Suspensions	21	28
Claims	$ 489,175	$ 532,375

Standardbred	2003	2002
Rulings	12	26
Fines	$ 500	$ 1,350
Suspensions	0	2
Claims	$10,500	$ 8,000

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Auditor General for Manitoba is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects. The Auditor General's report is included in the annual report.

Larry Huber
Executive Director

Date: April 30th, 2004

The Manitoba Horse Racing Commission
Financial Statements

March 31, 2004

Contents

	Page
Auditors' Report	1
Balance Sheet	2
Statement of Operating Revenue and Expenditure and Fund Balances	3
Statement of General Fund Operating Expenditure	4
Notes to the Financial Statements	5-8

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To The Legislative Assembly and
The Directors of The Manitoba Horse Racing Commission

We have audited the balance sheet of The Manitoba Horse Racing Commission as at March 31, 2004 and the statements of operating revenue and expenditure and fund balances and general fund operating expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
April 30, 2004

THE MANITOBA HORSE RACING COMMISSION

Exhibit A

Balance Sheet
as at March 31, 2004
(with 2003 figures for comparison)

		Restricted Funds				Total	
	General	Pari-mutuel	H.B.P.A.	C.T.H.S.	General Support	Year ended March 31	
Assets	Fund	Levy Fund	Fund	Fund	Fund	2004	2003 (Note 6)
Current assets:							
Cash on hand and in bank	$ 119,982	$ -	$ 82,095	$ 272,467	$ -	$ 474,544	$ 611,538
Due from General Fund	-	-	-	-	-	-	28,150
Pari-mutuel levy receivable	-	18,835	-	-	-	18,835	4,983
Pari-mutuel levy distribution receivable	1,867	-	13,151	3,817	-	18,835	4,983
Receivable - other	3,238	-	-	-	-	3,238	-
	125,087	18,835	95,246	276,284	-	515,452	649,654
Long-term receivable							
Province of Manitoba (Note 3)	190,344	-	-	-	-	190,344	174,473
	$ 315,431	$ 18,835	$ 95,246	$ 276,284	$ -	$ 705,796	$ 824,127
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	$ 21,549	$ -	$ 95,246	$ 276,284	$ -	$ 393,079	$ 405,028
Deferred revenue	2,700	-	-	-	-	2,700	2,194
Due to C.T.H.S. Fund	-	3,817	-	-	-	3,817	958
Due to General Fund	-	1,867	-	-	-	1,867	511
Due to General Support Fund	-	-	-	-	-	-	28,150
Due to H.B.P.A. Fund	-	13,151	-	-	-	13,151	3,514
	24,249	18,835	95,246	276,284	-	414,614	440,355
Long-term liability:							
Provision for employee pension benefits (Note 3)	190,344	-	-	-	-	190,344	174,473
	214,593	18,835	95,246	276,284	-	604,958	614,828
Unrestricted fund balances end of year, Exhibit B	100,838	-	-	-	-	100,838	209,299
	$ 315,431	$ 18,835	$ 95,246	$ 276,284	$ -	$ 705,796	$ 824,127

APPROVED BY THE COMMISSION

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION

Exhibit B

Statement of Operating Revenue and Expenditure and Fund Balances
for the year ended March 31, 2004
(with 2003 figures for comparison)

		Restricted Funds					
	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	Total Year ended March 31 2004	2003 (Note 6)
Revenue:							
Fees, licenses and fines (Note 4)	$ 99,456	$ -	$	$ -	$ -	**$ 99,456**	$ 100,554
Grant from the Government of the Province of Manitoba	40,000	-		-	201,700	**241,700**	297,800
Interest	2,822	-	2,166	5,006	-	**9,994**	9,978
Pari-mutuel levy		3,422,435		-	-	**3,422,435**	3,425,444
Pari-mutuel levy fund distribution	354,207	-	2,419,621	648,607	-	**3,422,435**	3,425,444
Sundry	149	-		-	-	**149**	112
Employee future benefits - Province of Manitoba (Note 3)	15,871	-		-	-	**15,871**	1,350
	512,505	3,422,435	2,421,787	653,613	201,700	**7,212,040**	7,260,682
Expenditure:							
General Fund expenditures, Exhibit C	471,992	-	-	-	-	**471,992**	470,576
Overnight purse support thoroughbred	-	-	2,421,787	-	-	**2,421,787**	2,427,956
Owners/breeders incentive thoroughbred	-	-	-	653,613	-	**653,613**	647,211
Pari-mutuel levy fund distribution	-	3,422,435	-	-	-	**3,422,435**	3,425,444
Quarter Horse support	-	-	-	-	18,857	**18,857**	17,633
Standardbred rural support	-	-	-	-	331,817	**331,817**	258,356
	471,992	3,422,435	2,421,787	653,613	350,674	**7,320,501**	7,247,176
Excess (deficiency) of revenues over expenditures	40,513	-	-	-	(148,974)	**(108,461)**	13,506
Fund transfers (Note 2F)	(148,974)	-	-	-	148,974	-	-
Fund balances, beginning of year	209,299	-	-	-	-	**209,299**	195,793
Fund balances, end of year	$ 100,838	$ -	$ -	$ -	$ -	**$ 100,838**	$ 209,299

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION Exhibit C

Statement of General Fund Operating Expenditure
for the year ended March 31, 2004
(with 2003 figures for comparison)

	2004	2003 (Note 6)
Expenditure:		
Advertising and promotion	$ 71	$ 374
Commissioners' per diem and honoraria	17,268	25,803
Drug, alcohol and security	6,453	20,588
Employee benefits	27,523	24,202
Equipment and office furniture	114	3,503
Equipment rentals	3,856	4,640
Memberships and dues	911	6,016
Office	3,337	7,670
Pension cost	23,153	7,447
Professional fees	48,220	81,333
Recruiting costs	56	152
Repairs and maintenance	19,261	14,626
Salaries		
Administration	113,901	51,644
Security	32,187	32,919
Stewards and judges	73,927	116,242
Veterinarian services	47,151	45,532
Sundry	2,287	804
Telephone	7,596	7,057
Travel	44,720	20,024
	$ 471,992	$ 470,576

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2004

1. Nature of operations

The Manitoba Horse Racing Commission (Commission) was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenditures of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenditures are retained by the Commission. However, such retained funds in excess of actual expenditures reduce subsequent administrative grants.

Revenues and expenditures related to program delivery and administrative activities of the Commission are reported in the General Fund.

Effective April 1, 1997, Pari-mutuel Levy and Consequential Amendments Act (the "Act") was enacted. The Act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

General Support Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the General Support Fund is provided through a grant from the Government of the Province of Manitoba, and a transfer from the General Fund.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2004

2. Significant accounting policies

A) Fund accounting

The Commission follows the restricted fund method of accounting for contributions.

B) Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

C) Pension costs

These consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2001. Experience gains or losses are recognized in the year the actuarial valuation is completed.

D) Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

E) Financial instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable and deferred revenue. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

F) Fund transfers

Fund transfers represent allocations from the General fund to the General Support Fund for the purpose of supplementing rural racing in Manitoba.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2004

3. Provision for employee pension benefits

The Commission follows the accrual method of accounting for its employee pension benefits liability.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no specific terms of repayment for this receivable.

An actuarial valuation of the employee pension benefit liability as at December 31, 2001 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7.25% (1998 - 7.5%), 2.75% inflation (1998 - 3.00%), salary rate increases of 4.5% (1998 - 4.5%) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been extrapolated to March 31, 2004 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

Provision for employer's share of employees' pension plan:

	2004	2003
Balance, beginning of year	$ 174,473	173,123
Experience loss (gain)		(16,430)
Benefits accrued	11,262	11,259
Interest accrued on benefits	11,891	11,980
Benefits paid	(7,282)	(5,459)
Balance, end of year	$ 190,344	$ 174,473

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2004

4. Fees, licenses and fines

	2004	2003
Assiniboia Downs		
Daily licenses	$ 49,040	$ 52,050
Fees and licenses	36,312	36,476
Fines	12,505	9,958
	97,857	98,484
Rural Circuit		
Daily licenses	60	
Fees and licenses	915	720
Fines	624	1,350
	1,599	2,070
	$ 99,456	$ 100,554

5. Statement of cash flows

A statement of cash flows has not been provided as information about financing and investing activities and their effects on cash resources are readily apparent from the other financial statements.

6. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004.